

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06 OES-06

TRSE-00 LAB-04 SIL-01 PA-01 USIA-06 PRS-01 SP-02

AGR-05 /055 W

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R 301500Z JUL 76

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 1755

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA 2746

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

LIMITED OFFICIAL USE SAN SALVADOR 3474

E.O. 11652: N/A

TAGS: EEW, ES

SUBJECT: PORT CONGESTION

REF: STATE 186096 (NOTAL)

1. SUMMARY. PRESENT CONGESTION, PARTICULARLY AT MAJOR PORT OF ACAJUTLA, BUT ALSO AT LA UNION IS A COMBAINTION OF EXTERNAL FACTORS (RECENT CANAL STRIKE IN PANAMA AND EARTHQUAKE IN GUATEMALA) AND INTERNAL MANAGERIAL DIFFICULTIES. INTERNAL PROBLEMS INCLUDE SHORTAGE OF PORT WORKERS, LACK OF NECESSARY CARGO HANDLING EQUIPMENT AND STORAGE SPACE, INEFFICIENT TRANSPORT, AND INFIGHTING BETWEEN PORT AUTHORITY AGENCY (CEPA) AND CUSTOMS BUREAU. SITUATION HAS BEEN TERMED A NATIONAL EMERGENCY AND SEVERAL SEMINARS HAVE BEEN HELD TO EXAMINE CONGESTION. NO OVERALL PLAN, HOWEVER, HAS YET BEEN ESTABLISHED TO DEAL WITH BACK-UP. WHILE THE EXTERNAL FACTORS SHOULD BE OVERCOME AS THE PANAMA BACKLOG DIMINISHES AND THE GUATEMALA PORTS REGAIN

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PAST MOVEMENT LEVELS, THE INTERNAL DIFFICULTIES WILL PROBABLY

CONTINUE TO PLAGUE EL SALVADORAN PORTS. IMPORTS AND EXPORTS WILL CONTINUE TO INCREASE, LARGE COFFEE EXPORTS DURING LATTER PART OF YEAR WILL ALSO COMPOUND PROBLEM. END SUMMARY.

2. PORT CONGESTION SITUATION HAS BEEN DETERIORATING FOR PAST SEVERAL MONTHS AND HAS REACHED A STAGE WHERE PORT USERS CONSIDER IT A NATIONAL EMERGENCY. UNLOADING TIME HAS DOUBLED FROM ONE TO TWO WEEKS. PART OF PROBLEM HAS BEEN EXTERNAL IN NATURE. THE FEBRUARY EARTHQUAKE IN GUATEMALA SEVERELY DAMAGED PORTS THERE, CONSEQUENTLY SHIPMENTS DESTINED FOR GUATEMALA WERE AND, ACCORDING TO SOME SOURCES, ARE STILL BEING DIVERTED TO EL SALVADOR TO SOME EXTENT. SALVADORAN PORT AUTHORITIES INDICATE THAT THESE DIVERSIONS HAVE SATURATED LOCAL PORTS. ACCORDING TO CEPA, SECOND EXTERNAL PROBLEM WAS RECENT STRIKE/ SLOWDOWN IN PANAMA CANAL, WHICH HAS RESULTED IN NUMEROUS SHIPS ARRIVING OFF ACAJUTLA ALMOST SIMULTANEOUSLY. BOTH OF THESE DIFFICULTIES ARE EXTRAORDINARY IN NATURE AND SHOULD BE OVERCOME IN THE NEAR FUTURE. NEITHER OF THEM, HOWEVER, ARE THE SOURCE

OF THE PORTS BASIC PROBLEMS.

3. THE ROOT OF EL SALVADOR'S PORT DIFFICULTIES ARE MANAGERIAL IN NATURE AND STEM FROM A LACK OF ADEQUATE PLANNING FOR FUTURE PORT DEMANDS, AND AN INABILITY TO CORRECTLY ESTIMATE RESOURCE REQUIREMENTS. THE OUTWARD SYMPTOMS OF THIS MANAGERIAL DEFICIENCY CAN BE SUMMARIZED AS FOLLOWS:

A. WHILE THE SUMMER MONTHS ARE NORMALLY A BUSY PERIOD FOR LOCAL PORTS, WITH LARGE SHIPMENTS OF BULK CARGO GOING OUT AND BULK CARGO AND MACHINERY COMING IN, CEPA ADMITS IT DID NOT EXPECT SHIPMENTS TO BE AS LARGE AS THEY ARE.

B. THERE IS A SHORTAGE OF PERSONNEL, INCLUDING STEVEDORES, AND NECESSARY CARGO MOVING EQUIPMENT. ACAJUTLA DOCK WORKERS UNION HAS, ACCORDING TO LOCAL PRESS, THREATENED TO STRIKE UNLESS CEPA AGREES TO GENERAL CONTRACT FOR WORKERS AND DISCHARGING OF ONE OF CEPA'S HEAD SUPERVISORS. EMBASSY LABOR OFFICER DOES NOT FEEL THAT DOCK WORKERS UNION ALONE IS STRONG ENOUGH TO CARRY OFF SUCH A STRIKE AND THEREFORE, DOES NOT PERCEIVE A STRIKE AS A PROBLEM AT THIS TIME, HOWEVER, GIVEN INTENSE PERSONALITY ISSUE UNION MIGHT CALL FOR STRIKE AS A MATTER OF PRINCIPLE.

C. THERE IS A SHORTAGE IN PORT WAREHOUSING, AGGRAVATED BY FACT THAT CEPA HAS PERMITTED RELATIVELY LONG-TERM, NO COST STORAGE IN PORT FACILITIES.

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D. THERE IS A SHORTAGE IN TRANSPORTATION TO MOVE THE CARGO OUT OF THE PORT, WHICH COMPOUNDS C. ABOVE.

E. CEPA AND CUSTOMS INDICATE THAT IMPORTERS AND EXPORTERS OFTEN DO NOT HAVE PAPERWORK PROPERLY PREPARED WHICH HAS CAUSED UNNECESSARY DELAYS.

F. GOES RECENTLY CLOSED DOWN PORT OF LA LIBERTAD, WHICH WHILE AN INEFFICIENT FACILITY, DID HANDLE MOST OF EL SALVADOR'S LIGHT, BUT HIGH VALUE CARGO. THIS CARGO HAS MOVED TO ACAJUTLA WITH

APPARENTLY NO PREPARATION OF ACAJUTLA FACILITIES. CUSTOMS COMPLAINS THAT ITS INSPECTION AREA IN LA LIBERTAD WAS ABOUT THREE TIMES THE SIZE OF ONE PROVIDED IT AT ACAJUTLA AND THAT LA LIBERTAD HAD FIVE PLATFORM SCALES TO ACAJUTLA'S TWO.
G. ANOTHER DEEP-SEATED PROBLEM IS BICKERING BETWEEN CUSTOMS AND CEPA. BOTH CEPA AND CUSTOMS REQUIRE A MOUNTAIN OF PAPERWORK TO CLEAR GOODS. THERE IS, HOWEVER, VERY LITTLE COORDINATION BETWEEN THESE TWO ENTITIES. CONSEQUENTLY, CLEARING PROCESS IS LONG AND DIFFICULT. PRESENT CRISIS HAS BEEN MARKED BY NEWSPAPER RELEASE OF SEVERAL STRONG WORDED "LETTERS TO THE EDITOR" BY CUSTOMS OFFICIALS, PLACING BLAME FOR PORT PROBLEMS ON CEPA.

4. IT IS DIFFICULT TO DETERMINE WHEN CONGESTION WILL BE DIMINISHED. INTERNAL PROBLEMS NOTED IN 2 ABOVE ARE NOT LONG TERM IN NATURE. CEPA INDICATES THAT IT WILL OBTAIN MORE EQUIPMENT AND PERSONNEL AND FEELS THAT PORT CONGESTION IS ALMOST OVER. EMBASSY FINDS IT DIFFICULT TO CONCUR WITH THIS VIEW AND IS MORE INCLINED TO ACCEPT OPINION OF MANAGER OF LOCAL EXPORT ASSOCIATION WHO VIEWS PROBLEM AS MORE LONG RANGE IN NATURE AND SEES A CONTINUING OF SOME CONGESTION THROUGH THE YEAR PARTICULARLY BECAUSE OF EXPECTED HIGH SHIPMENTS OF COFFEE AFTER OCTOBER.

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